

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 DODE-00 NSAE-00 USIA-06  
TRSE-00 SOE-02 DOE-11 CIAE-00 COME-00 /040 W  
-----117333 221655Z /42  
R 221553Z FEB 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 6965  
INFO AMEMBASSY BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 03 PARIS 05993

USOECD

EXCON

E.O.11652: XGDS1  
TAGS: ESTC COCOM  
SUBJECT: RECONDITIONED STRATEGIC EQUIPMENT

REFS: A. COCOM DOC. PROC. (77) 3 B. COCOM DOC. PROC.  
(77) 3.5 C. (77) PARIS 36966 (NOTAL)

1. DISCUSSION ON THIS SUBJECT AT FEBRUARY 7 COCOM MEETING BEGAN WITH RATHER EMOTIONAL ATTACK BY BELGIAN DEL WILLY STEVENS ON THE "U.S. TACTICS" USED TO DEFEAT THE BELGIAN PROPOSAL (REF A). STEVENS NOTED THAT BELGIAN PROPOSAL WHICH HAD BEEN SUBMITTED ON AUGUST 2 HAD BEEN ACCEPTED BY ALL DELEGATIONS EXCEPT U.S. BY OCTOBER. THEN, HE SAID, THE U.S., "USING A TACTIC WELL-KNOWN TO COCOM OLD-TIMERS, WHICH IT EMPLOYS WHEN IT OPPOSES A PROPOSAL SUPPORTED BY ALL OTHER MEMBERS, SUBMITTED A COUNTERPROPOSAL IN NOVEMBER." HE ALLEGED THAT THIS KIND OF OBSTRUCTIONISM MIGHT BE BASED MORE ON COMMERCIAL INTERESTS THAN STRATEGIC CONCERNS AND QUESTIONED WHETHER THE REAL U.S. INTEREST WAS TO MAKE SURE THAT THE RECONDITIONING OF READING HEADS COULD ONLY BE DONE IN THE

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2. STEVENS THEN REFERRED TO CHAIRMAN'S REMARKS AT JAN 10 MEETING THAT THE BELGIAN PROPOSAL DID NOT COVER THE RECONDITIONING OF READING HEADS PRODUCED IN THE EAST. BELGIUM, HE SAID, AGREED WITH THIS POSITION AND REITERATED THAT THE ORIGINAL INTENTION OF ITS PROPOSAL HAD

BEEN TO ALLOW THE RECONDITIONING OF READING HEADS ORIGINALLY EXPORTED FROM OTHER MEMBER COUNTRIES. WITH AN INTERESTING TWIST OF THE FACTS, STEVENS USED THIS POINT TO PLAY THE U.S. AGAIN. HE STATED THAT BELGIUM WAS EVEN WILLING TO GIVE UP THE IDEA OF RECONDITIONING OF HEADS PRODUCED IN THE EAST SO THAT THE U.S. COULD NOT CLAIM AGAIN THAT BELGIUM WAS NOT REALLY INTERESTED IN EQUIPMENT EXPORTED FROM MEMBER COUNTRIES.

3. STEVENS STATED THAT THE U.S. COUNTERPROPOSAL ACTUALLY CONTAINED NOTHING NEW AND THAT THERE WAS REALLY ONLY ONE REAL PROPOSAL BEFORE THE COMMITTEE, THE BELGIAN PROPOSAL. HE ASKED THE USDEL TO ANSWER A SIMPLE QUESTION: "IS THE SO-CALLED U.S. PROPOSAL A VETO OF THE BELGIAN PROPOSAL?" HE ALSO ASKED WHETHER THE U.S. AUTHORITIES BELIEVE THERE IS A STRATEGIC DANGER IN RECONDITIONING READING HEADS EXPORTED BY ANOTHER MEMBER COUNTRY.

4. THE SHARPNESS OF STEVENS REMARKS DREW A REACTION FROM THE CHAIRMAN WHO NOTED THAT THE BELGIAN PROPOSAL WAS INDEED NOT THE ONLY PROPOSAL BEFORE THE COMMITTEE AND COUNSELED THAT IT WAS PREFERABLE NOT TO COMPLICATE THAT THE COMMITTEE'S DISCUSSIONS WITH DISAGREEABLE REMARKS. THE GERMAN DEL SAID THAT IN ALL THE TIME HE HAD BEEN IN COCOM HE HAD NEVER SEEN A SIMILAR SITUATION AND SAID THAT IT WAS INTOLERABLE THAT A DELEGATE SHOULD BE SO CONFIDENTIAL

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AGGRESSIVE TOWARDS ANOTHER DELEGATION.

5. USDEL RESPONDED THAT THE U.S. PROPOSAL HAD IN FACT BEEN BASED ON THE STRATEGIC CONCERNS AND QUOTED FROM THE FIRST PARAGRAPH THE JUSTIFICATION TO THAT PROPOSAL (REF B). EXPLAINING THT THE U.S. PROPOSAL DID CONTAIN SEVERAL NEW ELEMENTS, USDEL OUTLINED THE PROVISIONS PERTAINING TO THE LICENSEES AND SUBSIDIARIES OF THE ORIGINAL MANUFACTURERS AND THE U.S. SUGGESTION THAT A NOTE LISTING PROCEDURE MIGHT BE USED. USDEL ASKED THE BELGIAN DEL WHETHER THE PROCEDURES OUTLINED IN THE U.S. PROPOSAL COULD ASSIST IN RESOLVING THE PROBLEM RAISED BY BELGIUM IN COCOM DOC. PROC. (77) 3.

6. AN EXCHANGE THEN FOLLOWED IN WHICH BELGIAN DEL PRESSED THE USDEL FOR A CLEAR OBJECTION TO ITS PROPOSAL SO THE DEBATE COULD BE CLOSED. USDEL RESPONDED THAT ANY MEMBER COULD WITHDRAW ITS OWN PROPOSAL ANY TIME IT WISHED EVEN WITHOUT AN OBJECTION FROM ANOTHER MEMBER AND ADDED THAT TO CLOSE THE DEBATE WOULD PRESUMABLY NOT SERVE THE

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INTERESTS OF THE BELGIAN FIRM IN QUESTION. WHEN PRESSED AGAIN BY THE BELGIAN DEL FOR AN OBJECTION, USDEL REPEATED THAT IT WAS CONTINUING ITS RESERVE ON THE BELGIAN PROPOSAL AND REFERRING THE QUESTION AGAIN TO ITS AUTHORITIES, USDEL NOTED THAT IT WAS LIKELY THAT THEIR STRATEGIC CONCERNS HAD REMAINED THE SAME BUT INDICATED THE U.S. WAS PREPARED TO CONTINUE THE DEBATE ON MULTILATERAL OR BILATERAL BASIS.

7. BELGIAN DEL ASKED THAT THE SUBJECT NOT BE PLACED ON THE AGENDA AGAIN, INDICATING THAT HIS DELEGATION PREFERRED TO WAIT UNTIL THE U.S. COULD SUBMIT A PROPOSAL WITH SOME REALLY NEW ELEMENT. THE COMMITTEE AGREED TO LEAVE SUBJECT OFF AGENDA FOR TIME BEING.

8. DURING FEB 7 DISCUSSION JAPANESE DEL SAID HIS AUTHORITIES WERE NOT IN FAVOR OF U.S. PROPOSAL BECAUSE IT WAS NOT LIBERALIZATION OF THE PRESENT REGULATIONS AND IT WOULD MAKE THE SITUATION EVEN MORE COMPLEX WITH REGARD TO FIRMS NOT ASSOCIATED WITH THE ORIGINAL MANUFACTURERS. JAPAN, HE SAID, COULD SUPPORT U.S. PROPOSAL ONLY IF MAJORITY AGREED TO IT. DUTCH DEL ASSOCIATED ITSELF WITH JAPANESE POSITION AND GERMAN AND FRENCH DELS REITERATED  
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THEIR PREFERENCE FOR THE BELGIAN PROPOSAL. GERMAN DEL ALSO DROPPED HIS EARLIER ALTERNATIVE PROPOSAL (REF C). ALTHOUGH UK HAS EXPRESSED NO OFFICIAL POSITION ON U.S. PROPOSAL, UKDEL TOLD USDEL PRIVATELY THAT HE ALSO FINDS IT TOO COMPLICATED.

9. DURING CLEARANCE OF DRAFTS AT FEB 14 MEETING, CHAIRMAN PERSUADED BELGIAN DEL TO DROP HIS REMARKS OUTLINED PARA 1 ABOVE. REMARKS OF CHAIRMAN AND GERMAN DEL (PARA 5 ABOVE) HAVE ALSO BEEN TAKEN OFF RECORD.

10. BELGIAN DEL HAS RAISED WITH USDEL BILATERALLY POSSIBILITY OF EXPLORING ALTERNATIVE APPROACHES WHICH WOULD PERMIT BELGIAN FIRM (APPARENTLY A US SUBSIDIARY) APPLIED MECHANICS, TO CATER TO POTENTIALLY LARGE MARKET FOR RECONDITIONING OF READING HEADS PREVIOUSLY EXPORTED TO THE EAST. ONE APPROACH DISCUSSED WOULD BE A NEW PROCEDURE (OR AN AD HOC EXCEPTION REQUEST) WHICH WOULD PROVIDE FOR BOTH PRIOR APPROVAL OF THE TYPE OF RECONDITIONING TO BE UNDERTAKEN AND SUBSEQUENT REPORTING OF THE RECONDITIONING COMPLETED. UNDER THIS PROCEDURE ANY MEMBER COULD REQUEST COMMITTEE TO APPROVE RECONDITIONING TRANSACTION ON BASIS OF GENERAL DESCRIPTION OF MARKET TO BE SERVICED AND TOTAL NUMBER OF ITEMS TO BE RECONDITIONED. COMMITTEE APPROVAL MIGHT ENTAIL SETTING LIMIT ON NUMBER OF TYPES OF ITEMS THAT COULD BE RECONDITIONED AND PROVIDE FOR LIMITED DURATION OF RECONDITIONING TO BE UNDERTAKEN (MUCH LIKE U.S. PERIODIC REQUIREMENTS LICENSES). THE APPLICANT FIRM WOULD BE REQUIRED TO PROVIDE REGULAR (PERHAPS MONTHLY) REPORTS GIVING A DESCRIPTION OF ITEMS ACTUALLY RECONDITIONED, THEIR SOURCE OR MAKE, IDENTIFICATION OF END USER FOR WHICH THEY WERE BEING RECONDITIONED AND STATED ORIGINAL END USE TO WHICH THEY HAD

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BEEN DEVOTED. ON BASIS OF THESE REPORTS COMMITTEE COULD DETERMINE WHETHER IT IS PREPARED TO EXTEND AUTHORIZATION FOR RECONDITIONING FOR ANOTHER LIMITED PERIOD OF TIME.

11. BELGIAN DEL STATED THAT HE BELIEVED SUCH AN APPROACH WOULD BE ACCEPTABLE TO HIS AUTHORITIES AND ASKED USDEL TO SEEK USG VIEWS. USDEL INDICATED THAT IT

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WOULD DO SO WITHOUT IN ANY WAY COMMITTING USG.

12. COMMENT: GIVEN GENERAL COMMITTEE OPPOSITION TO U.S. COUNTERPROPOSAL AND U.S. OPPOSITION TO BELGIAN PROPOSAL WHICH LACKS ANY PROVISION FOR MONITORING RECONDITIONING, NEITHER CAN MOVE FORWARD IN COMMITTEE. THE CONTEXT OF THE RECONDITIONING PROBLEM APPEARS QUITE NARROW AT THIS TIME. THE COMMITTEE HAS RARELY BEEN FACED WITH RECONDITIONING EXCEPTION CASES AND IT DOES NOT APPEAR TO BE AN AREA IN WHICH THERE WOULD BE A SERIOUS THREAT OF DIVERSION AS LONG AS THERE IS SOME PROVISION FOR MONITORING BY THE COMMITTEE. THE PROCEDURE OUTLINED PARA 10 ABOVE (OR ONE SIMILAR TO IT) WHICH PROVIDES FOR PRIOR COMMITTEE APPROVAL FOR RECONDITIONING OF A FIXED NUMBER OF SPECIFICALLY IDENTIFIED TYPES OF EQUIPMENT DURING SET TIME PERIODS AND FOR SUBSEQUENT REPORTING WOULD PROBABLY ALLOW FOR A SUFFICIENT LEVEL OF MONITORING.

13. ACTION REQUESTED: U.S. VIEWS ON PROCEDURE OUTLINED PARA 10 ABOVE AND/OR OTHER SUGGESTED RECONDITIONING PROCEDURES WHICH COULD BE EXPLORED BILATERALLY WITH BELGIAN DEL.  
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## Message Attributes

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